

## REMARKS

Claims 7-8, 10-19 and 21-28 remain pending in the application. The Office action states that the inventions set forth by these claims do not to meet the requirements of 35 U.S.C. § 102 and are anticipated by statements and exhibits presented by the applicants in the Declaration Under 37 C.F.R. § 1.131 submitted on September 1, 2006 and U.S. Patent No. 6,205,396 to Teicher (hereinafter "Teicher"). The applicants respectfully traverse the allegations and respond as follows. Withdrawal of the rejection and reconsideration is respectfully requested.

### **I. Exhibits C and D of the September 1, 2006 Declaration Under 37 C.F.R. § 1.131 Do Not Provide Evidence Establishing Public Use or Sale Under 35 U.S.C. § 102(b)**

Applicants submitted concurrently with the September 1, 2006 amendment a declaration of John Randolph Lewis and Sean Gary McGonagle under 37 C.F.R. § 1.131. Along with other evidence, exhibits C and D included with the declaration established a conception date and reduction to practice for the invention disclosed and claimed in the present application well before the April 24, 2000 effective date of Japanese Patent No. JP 2000-118641 to Takizawa (hereinafter "Takizawa"). The Office action alleges that exhibits C and D present evidence of a public use or sale within the meaning of § 102(b) that would anticipate the present application. However, neither exhibit presents such evidence.

The Office action correctly indicates that Exhibit C was presented to SI Handling Systems of Eaton, Pennsylvania as a design criteria document at some time prior to June 30, 1999. As clearly indicated on the cover page, Exhibit D is a proposal submitted by SI Handling Systems to build the invention for Walgreens Corporation. The cover letter at page 2 of Exhibit D is a letter from SI Handling Systems to Sean McGonagle, an inventor of the present application, and not a letter "from Sean McGonagle to Pete Marri" of SI Systems as alleged in the action. Further inspection of the letter and proposal indicates that the subject of Exhibit D is a "proposal to design, build, and commission...[and] to work... with Walgreens to develop and implement" the invention. At no point does Exhibit D indicate that the invention

itself was the subject of a sale from Walgreens to SI Systems and at no time did such a sale to SI Systems ever occur. To be abundantly clear, and as indicated by Exhibit D, SI Systems was commissioned to build the system invented by John Randolph Lewis and Sean Gary McGonagle.

**A. Exhibits C and D Are Not Evidence of a Public Use**

The test for the public use prong of § 102(b) includes the consideration of evidence relevant to experimentation, as well as, *inter alia*, the nature of the activity that occurred in public; public access to the use; confidentiality obligations imposed on members of the public who observed the use; and commercial exploitation. MPEP 2133.03(a). Because Walgreens and SI Systems operated under a confidentiality agreement and the exhibits provide no evidence of commercial exploitation, the rejection of claims 7, 8, 10-19, and 21-28 is inappropriate and should be withdrawn.

Exhibit D is a design and development proposal from SI Systems to Walgreens that does not indicate public access or a public use or sale within the meaning of § 102(b). The public had no access to the alleged use as the only two parties having had access to the exhibits, Walgreens and SI Systems, were acting within a confidentiality agreement as clearly indicated in the bottom margin of each page of the proposal. While not dispositive, the agreement is evidence to be considered in assessing the alleged public use. *Bernhardt, L.L.C. v. Collezione Europa USA, Inc.*, 386 F.3d 1371, 1380-81, 72 USPQ2d, 1901, 1909 (Fed. Cir. 2004) (*quoting Moleculon Research Corp. v. CBS Inc.*, 793 F.2d 1261, 1266, 229 USPQ 805, 808 (Fed. Cir. 1986)).

Further, the action does not present evidence of commercial exploitation as Exhibit D is merely a proposal to develop the invention after it had been fully conceived by the inventors of the present application. Specifically, as previously described, Exhibit D is limited to describing a “proposal to design and build... [and to] develop and implement” the invention by SI Systems for Walgreens. Walgreens did not attempt to sell or otherwise commercially exploit the invention with SI Systems, but rather, attempted only to obtain their assistance in developing the invention further. Because the June 30, 1999 proposal was subject to a confidentiality

agreement between Walgreens, and SI Systems and Walgreens never attempted to commercially exploit the invention, the exhibits are not evidence of a § 102(b) public use.

**B. Exhibits C and D Are Not Evidence of a Public Sale or Offer to Sell**

The on-sale bar of § 102(b) is triggered if the invention is both (1) the subject of a commercial offer for sale not primarily for experimental purposes and (2) ready for patenting. MPEP 2133.03(b). Because neither Exhibit C or D is evidence of a commercial offer for sale not primarily for experimental purposes, the § 102(b) rejection of claims 7, 8, 10-19, and 21-28 should be withdrawn.

No sale occurred between Walgreens and SI Systems. A sale is a contract between parties wherein the seller agrees “to give and to pass rights of property” in return for the buyer’s payment or promise “to pay the seller for the things bought and sold.” *In re Caveney*, 761 F.2d 671, 676, 226 USPQ 1, 4 (Fed. Cir. 1985). Here, neither Exhibit C nor D offers rights of property in the invention to either Walgreens or SI Systems. As previously discussed, Exhibit C is a design criteria document and Exhibit D is a proposal from SI Systems to design and develop the invention for Walgreens. A design document or a mere proposal to design and develop the invention cannot be an agreement to give and to pass rights of property within the meaning of § 102(b). Because Walgreens did not present an offer for sale to SI Systems, the § 102(b) rejection of claims 7, 8, 10-19, and 21-28 should be withdrawn.

**C. Exhibits C and D Are Evidence of a Permitted Experimental Use**

A use or sale is experimental for purposes of § 102(b) if it represents a bona fide effort to perfect the invention or to ascertain whether it will answer its intended purpose. *LaBounty Mfg. v. U.S. Int’l Trade Comm’n*, 958 F.2d 1066, 1071, 22 USPQ2d 1025, 1028 (Fed. Cir. 1992) *quoting Pennwalt Corp. v. Akzona Inc.*, 740 F.2d 1573, 1581, 222 USPQ 833, 838 (Fed. Cir. 1984). Even assuming, *arguendo*, that Exhibits C and D are evidence of a public use or sale, because the primary purpose of the use was to conduct experimentation in designing and building the system, the rejection of claims 7, 8, 10-19, and 21-28 should be withdrawn. As previously discussed, Exhibit C is a design document that was used by Walgreens to

convey the requirements of the invention and Exhibit D is a proposal by SI Systems to design and develop the invention. Several factors indicate that the subject of the exhibits was experimental use. MPEP 2133.03(e). First, the parties were under the obligation of a confidentiality agreement as presented at the bottom of each page of Exhibit D. Second, the level of detail present in Exhibit D indicates that any testing that occurred as a result of the proposal was systematically performed. Finally, neither exhibit indicates any contact with potential customers for the invention as SI Systems could only have performed development and testing under the proposal. A design document submitted to a testing company and a proposal to develop the subject of the design by the company are part of a *bona fide* effort to perfect the invention and a permitted experimental use. Because an experimental use is not prohibited by § 102(b), the rejection of claims 7, 8, 10-19, and 21-28 should be withdrawn.

In sum, Exhibits C and D are not evidence of either a public use or a public sale. Further, even if the exhibits were a public use or sale under 102(b), such use or sale would have been a *bona fide* effort to perfect the invention or to ascertain whether it would have answered its intended purpose. Therefore, because the exhibits are not evidence of a public use or sale or, alternatively, are evidence of a permitted experimental use, the rejection of claims 7, 8, 10-19, and 21-28 should be withdrawn.

## **II. Teicher Does Not Anticipate Claims 7-8, 10-19 and 21-28**

Applicants have submitted concurrently with this response a new Declaration of John Randolph Lewis and Sean Gary McGonagle under 37 C.F.R. § 1.131 dated January 31, 2007. The Declaration establishes a conception date and reduction to practice for the invention disclosed and claimed in the present application well before the December 21, 1998 effective date of Teicher. The new Declaration should be entered by the Examiner because it was necessitated as a result of the § 102(e) rejection first presented in the final Office action of November 13, 2006. Further, as discussed in the “REQUEST FOR RECONSIDERATION AND WITHDRAWAL OF HOLDING OF FINALITY OR, IN THE ALTERNATIVE, PETITION TO WITHDRAW HOLDING OF FINALITY” submitted herewith, the Declaration should be entered because the Examiner’s previous finding of finality was improper.

Because the declaration effectively swears behind Teicher, that prior art reference does not anticipate the pending claims. Therefore, the rejection of claims 7-8, 10-19, and 21-28 should be withdrawn.

**C. Conclusion**

In view of the above remarks, the applicants respectfully request favorable reconsideration and passage to issuance of this application. The applicants invite the examiner to contact the undersigned attorney with any questions regarding this response or the application as a whole. If there are any additional fees or refunds required, the Commissioner is directed to charge or debit Deposit Account No. 13-2855.

Respectfully submitted for,

MARSHALL, GERSTEIN & BORUN LLP

By: 

Randall G. Rueth

Registration No.: 45,887

MARSHALL, GERSTEIN & BORUN LLP

233 S. Wacker Drive, Suite 6300

Sears Tower

Chicago, Illinois 60606-6357

(312) 474-6300

Attorney for Applicant

Dated: January 31, 2007